# NOTICE AND AGENDA FOR THE REGULAR MEETING OF THE BOARD OF DIRECTORS

**OF FALLBROOK VILLAS METROPOLITAN DISTRICT**

A Regular Meeting of the Board of Directors of the Fallbrook Villas Metropolitan District will be held at 6:00 p.m., Thursday, December 19, 2024, via telephone and videoconference. The call-in number is (669) 444-9171 or Meeting ID is 461 381 5754, passcode 6743379. The agenda is as follows:

1. Agenda & Administrative Matters
	1. Call to Order
	2. Approve Agenda
	3. Public Comment (limited to three minutes per person)
	4. Approve Minutes: November 21, 2024
2. Management & Maintenance Matters
	1. Discuss City of Thornton Code Ordinances for Snow and Ice
	2. Update on Safety Grant Reimbursement
3. Financial Matters
	1. Review Accounts Payable Report
	2. Approve Audit Engagement Letter
4. Executive Session as Needed Pursuant to C.R.S. Section 24-6-402(4)(b) and

(e) (if necessary)

1. Other Business
	1. Approve 2025 Management & Accounting Contract with Simonson & Associates

**DISTRICT MEETINGS ARE OPEN TO THE PUBLIC**

*Attendees: whether members of the public or the Board of Directors, will not engage in obscene gestures, shouting, profanity, or other disruptive behavior. If attendees become disruptive, they will be muted, expelled from the meeting and/or fined/sanctioned.*

(Next Meeting Date: January 17, 2025 at 6:00 p.m.)

**The Fallbrook Villas Metropolitan District Board of Directors:**

KimNichelle Rivera Term Expires 2025

Jolene Simon Term Expires 2027

Kaitlyn Stroud Term Expires 2025

Todd Geist Term Expires 2025

Robert Bullion Term Expires 2027

**RECORD OF PROCEEDINGS MINUTES OF THE REGULAR MEETING**

**OF THE BOARD OF DIRECTORS OF FALLBROOK VILLAS METROPOLITAN DISTRICT**

**HELD:**

Thursday, the 21st day of November, 2024 at 5:30 p.m. via telephone and videoconference.

# ATTENDANCE:

A regular meeting of the Board of Directors (the “Board”) of the Fallbrook Villas Metropolitan District (the “District”), Adams County, State of Colorado, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

KimNichelle Rivera, President, (2022-2025) Jolene Simon, Treasurer (2023-2027) Kaitlyn Stroud, Secretary (2022-2025) Todd Geist, Director (2023-2025)

Robert Bullion, Director (2022-2025)

Also in attendance were Judy Simonson, Nicki Simonson, and Rebecca Hill of Simonson & Associates, Inc.

# AGENDA & ADMINISTRATIVE MATTERS:

* 1. Call to Order: It was noted for the record that a quorum was present of the Board for the purpose of conducting a meeting and the meeting was called to order at 5:38p.m.
	2. Agenda and Meeting Location: The meeting location and agenda were approved upon motion by Director T. Geist and second by Director J. Simon with one amendment by Director T. Geist to add an agenda item regarding transparency under Management and Maintenance Matters. Director T. Geist was being disruptive and was given a first verbal warning and muted per the meeting guidelines outlined on the agenda.
	3. Public Comment: Director T. Geist was unmuted and commented that he was disappointed in the Board’s decision to hire EDI for snow removal citing service issues over the summer with landscaping.
	4. Minutes – October 23, 2024: The minutes of the special meeting held on October 23, 2024 were approved upon motion by Director K. Rivera and second by Director J. Simon. Director T. Geist opposed.

**Meeting Minutes**

Fallbrook Villas Metropolitan District November 21, 2024

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# MANAGEMENT & MAINTENANCE MATTERS:

* 1. Transparency: Director T. Geist voiced his concerns about receiving no responses to his communications regarding pet stations not being regularly emptied and the high water bills for the year due to sprinkler over-runs.
	2. Maintenance Report: Most items listed on this report are on hold until 2025 due to lack of funds. These items will be revisited once funds are available in 2025.
	3. Landscaping Update: Director R. Bullion provided some information regarding sprinkler issues he observed during 2023 when there was a different landscaping company under contract. That along with the fact that the current landscaping contractor (EDI) was initially working without zone maps, could account for some of the water usage discrepancy. Ms. N. Simonson reported that the sprinklers were blown out for the end of the season. EDI has also been retained for snow removal services for the 2024-2025 season and has a 2” trigger point for snow removal. They are also working on a new landscaping proposal for the 2025 season. Ms. N. Simonson confirmed that there is no legal requirement to bid out contracts every year if the dollar amount is under $120,000 (*§32-1- 1001(1)(d)(I), C.R.S.; HB23-1023).*

# BUDGET MATTERS:

Director J. Simon made a motion to open the Budget Hearing which was approved upon second by Director K. Rivera. Director T. Geist opposed.

* 1. Approve 2025 Budget: Ms. J. Simonson gave a high level overview of the 2025 draft budget. During Ms. J. Simonson’s presentation, Director T. Geist became increasingly disruptive, and was expelled from the meeting per the guidelines outlined in the agenda for typing offensive language into the group chat. Ms. J. Simonson’s presentation then resumed regarding the 2025 budget items, and she answered any questions. Director J. Simon then moved to approve the 2025 Budget subject to the final assessed valuation of the District from Adams County. The motion was approved upon second by Director K. Rivera.
	2. Approve 2024 Resolution No. 4 - Adopt Budget: Director K. Rivera made a motion to approve Resolution No. 4 to Adopt Budget as amended to change the Secretary name to Director K. Stroud and subject to the District’s final assessed valuation. The motion was approved upon second by Director R. Bullion.
	3. Approve 2024 Resolution No. 5 - Appropriate Sums of Money: Director J. Simon made a motion to approve Resolution No. 5 as amended to change the Secretary name to

**Meeting Minutes**

Fallbrook Villas Metropolitan District November 21, 2024

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Director K. Stroud and subject to the District’s final assessed valuation. The motion was approved upon second by Director K. Rivera.

* 1. Approve Resolution No. 6 – Set 2025 Mill Levy: Director J. Simon made a motion to approve Mill Levy Resolution No. 6 as amended to change the Secretary name to Director K. Stroud and subject to the District’s final assessed valuation. The motion was approved upon second by Director K. Rivera.
	2. Approve 2025 Budget Message: The 2025 Budget Message was approved upon motion by Director J. Simon and second by Director K. Rivera.

Ms. N. Simonson then closed the Budget Hearing.

# FINANCIAL MATTERS:

* 1. Review Accounts Receivable Report: The Board reviewed and discussed the accounts receivable report, and it was noted that all liens had been filed with Adams County Treasurer and Clerk and Recorder for outstanding special assessments previously not collected for 2023. These will now be collected by Adams County Treasurer in the homeowners’ property taxes in 2025. Two homeowners have credits on their accounts which will be refunded.
	2. Approve Disbursements for November 1, 2024 through November 30, 2024: The Board reviewed and discussed the check register presented. Director J. Simon moved to approve the disbursements for the period from November 1, 2024 through November 30, 2024. The motion was approved upon second by Director K. Rivera.

# LEGAL MATTERS:

* 1. Review Attorney Rates and Approve New Legal Representation: Discussion was held surrounding the new attorney selection and Ms. N. Simonson answered any questions. Director J. Simon made a motion to approve Dietz & Davis as new legal counsel, and it

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Fallbrook Villas Metropolitan District November 21, 2024

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was approved upon second by Director K. Rivera. Ms. N. Simonson confirmed that notice will be provided to Spencer Fane per contract requirements.

1. **EXECUTIVE SESSION:** No Executive Session was required.

# OTHER BUSINESS:

Meeting Time Change: Director J. Simon made a motion to move the monthly meetings to 6pm to make it more accessible to people that work outside the home. The motion was approved upon second by Director K. Rivera.

# ADJOURNMENT:

There being no further business to come before the Board of the District and upon motion duly made by Director J. Simon and second by Director K. Rivera, and upon unanimous vote, the meeting was adjourned at 6:47 p.m.

The foregoing minutes constitute a true and correct copy of the minutes of the above-referenced meeting and have been approved by the Board of Directors of the Fallbrook Villas Metropolitan District.

Kaitlyn Stroud, Secretary

ARTICLE IV. - SNOW AND ICE

Sec. 70-106. - Obstruction of streets and sidewalks.

1. It shall be unlawful for any owner or the agent or the tenant of such owner of any lot, block, or parcel of land within the city to allow any snow, sleet, ice, or other obstruction to accumulate or remain upon any sidewalk adjoining such lot, block, or parcel of land within the city for longer than 24 hours from the time of the last accumulation of such snow, sleet, ice, or other obstruction.
2. It shall be unlawful for any owner or the agent or the tenant of such owner of any lot, block, or parcel of land within the city to deposit or cause to be deposited any snow, sleet, ice, or other obstruction onto a public street or sidewalk or against any fire hydrant or official traffic control device or other appurtenances so as to interfere with the safe and orderly movement of vehicular or pedestrian traffic or thereby obstruct or impede drainage along a public street.
3. It shall be the responsibility of any owner or agent or tenant of such owner to remove any accumulation of sanding materials utilized during snow and ice control operations from sidewalks or walkways adjacent to property unless otherwise maintained by the city.
4. The director shall have the authority to remove any obstruction from a public street or sidewalk which has been deposited in violation of this section at the cost of the owner or agent or tenant of such owner of the lot, block, or parcel of land from which the accumulation or deposit originated.
5. It shall be unlawful for any owner or the agent of such owner or the occupant of any lot or parcel of land within the city to allow or permit any snow, sleet or ice to accumulate, be deposited, or remain upon any legally established accessible parking spaces for longer than 24 hours from the time of the last accumulation or deposit of snow, sleet or ice, or combination thereof. It shall also be unlawful for any owner or the agent of such owner or the occupant of any lot or parcel of land within the city to allow or permit sanding or deicing materials to be stored upon any legally established accessible parking spaces or for such parking spaces to be used as a repository for sanding or deicing materials. The term legally established accessible parking space shall include any adjacent access aisles, accessible passenger loading zones, or associated accessibility access routes for such parking spaces. The terms accessible parking spaces, accessible passenger loading zones and accessibility access routes are to be used in the same context and as defined by the city's Building Code.

(Code 1975, § 61-27; Ord. No. 2310, § 1, 3-21-94; Ord. No. 2500, § 1, 3-16-98; Ord. No. 3022, § 1, 12-18-07)

Sec. 70-107. - Parking during snow removal operations.

It shall be unlawful to park any vehicle whatsoever on any designated snow route, when restrictions are in effect, or contiguous shoulder of Interstate Highway 25 within the city during the time and at the places where snow removal operations are in progress or as otherwise stipulated by the state department of highways or the state.

(Code 1975, § 61-28; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-108. - Submission of traic and parking regulations for Interstate Highway 25.

All traffic and parking regulations adopted which pertain to Interstate Highway 25 shall be submitted to the department of highways for approval in accordance with the provisions of C.R.S. § 43-2-135(1)(g) before they shall become effective.

(Code 1975, § 61-29; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-109. - Designation of snow routes and posting of signs.

1. The director may designate or change snow routes within the city after recommendation from the street operations manager or traffic engineer. Such recommendation shall be based on the judgment of the street operations manager or traffic engineer as to which streets or highways should be free of parked, stopped, or stalled vehicles when a snowstorm condition or severe snowstorm condition has been declared in accordance with this article in order to expedite motor vehicle traffic or to facilitate snow removal.
2. Along each street or highway that allows curbside parking designated as a snow route pursuant to this article, the traffic engineer shall cause to be posted at reasonable intervals traffic signs indicating that the street or highway has been designated as a snow route and that parking prohibitions shall apply during a snowstorm condition or severe snowstorm condition. The lack of visibility of any such sign when parking prohibitions are in effect pursuant to this article shall not excuse the owner or operator of any vehicle from complying with the provisions of this article. Signs will not be added on streets that already prohibit curbside parking.

(Code 1975, § 61-30; Ord. No. 2310, § 1, 3-21-94; Ord. No. 2807, § 1, 11-18-03)

Sec. 70-110. - Declaration of snowstorm alert.

Upon learning of a forecast of or the existence of accumulations or drifting snow or learning of a forecast of or the existence of sleet or freezing rain, the manager may declare a snowstorm alert to be in effect.

When a snowstorm alert has been declared, the manager shall provide an announcement in the manner provided in this article.

(Code 1975, § 61-31; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-111. - Declaration of severe snowstorm alert.

The manager may declare a severe snowstorm alert to be in effect. This declaration may be made when the manager learns of a forecast of or the existence of accumulations or drifting of snow, sleet, or freezing rain which, in the manager's judgment, are or will be substantial. When a severe snowstorm alert has been issued, the manager shall provide an announcement in the manner provided in [Section 70-115](https://library.municode.com/) requesting that persons not engage in vehicular travel except for the purposes of meeting essential needs or providing necessary public services and that vehicles used for such purposes be limited to four-wheel drive vehicles or vehicles equipped with adequate snow tires or chains.

(Code 1975, § 61-32; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-112. - Parking restrictions during snowstorm alert or severe snowstorm alert.

1. When a snowstorm alert or severe snowstorm alert has been declared, the parking restriction provided in this section shall be in effect. The manager shall provide an announcement in the manner provided in [Section 70-115](https://library.municode.com/) stating that the restriction is in effect.
2. When a snowstorm alert or severe snowstorm alert has been declared, it shall be unlawful for any person to stand or park any vehicle on any portion of a snow route or leave, abandon or permit to remain stalled any vehicle which is stalled on any portion of a snow route. Such person shall take immediate actions to cause the vehicle to be moved to a lawful parking place on a street which is not a snow route or to some other place where the vehicle may be parked lawfully. This section shall not be applicable to an official emergency vehicle, including an ambulance, fire or police vehicle, during the course of immediate and ongoing services.
3. It shall be an affirmative defense in any prosecution for a violation of subsection (b) of this section that the owner or operator of a stalled vehicle was at the time of the issuance of the citation attempting to secure assistance to move the stalled vehicle. The availability of such affirmative defense shall not affect the validity of any action taken pursuant to this article or the imposition of responsibility for any costs incurred pursuant to this article.
4. Nothing in this section shall be construed to permit parking, stopping or standing in violation of any other regulation concerning the parking, stopping or standing of vehicles.

(Code 1975, § 61-33; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-113. - Enforcement.

1. Any law enforcement officer or code enforcement officer of the city may issue a citation for any violation of [Section 70-112](https://library.municode.com/). If the owner or operator of the vehicle is present when the violation is discovered, no citation shall be issued until the owner or operator has been ordered to cause the

vehicle to be removed immediately from the snow route and such owner or operator has failed or refused to comply with such order.

1. The street operations manager or any law enforcement officer or code enforcement officer of the city may order the removal of any vehicle which is in violation of [Section 70-112](https://library.municode.com/). The vehicle shall be removed to the nearest place where, in the judgment of the street operations manager, law enforcement officer or code enforcement officer, the vehicle will not obstruct a snow route.
2. The owner or operator of a vehicle removed from a snow route pursuant to subsection (b) of this section shall be responsible for all costs incurred as a result of such removal.

(Code 1975, § 61-34; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-114. - Termination of restriction by manager.

Whenever, in the manager's judgment, the parking restriction in effect pursuant to [Section 70-112](https://library.municode.com/) is no longer required to be in effect in all or part of the city, the manager may declare the restriction completely or partially terminated. The manager shall provide information relating to the termination of the restriction and information relating to the location to which vehicles have been removed pursuant to and in the manner provided by this article.

(Code 1975, § 61-35; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-115. - Announcements.

The announcements provided for in this article shall be provided to area radio and television stations that have expressed a desire to cooperate with the city. Such announcement shall also be conspicuously posted in the public lobby of the Thornton Civic Center, 9500 Civic Center Drive, Thornton, Colorado. The failure of any announcement to be disseminated by such radio and television stations or such newspapers or the failure to receive actual notice pursuant to such dissemination or otherwise shall not excuse the owner or operator of any vehicle from complying with the provisions of this article.

(Code 1975, § 61-36; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-116. - Disclaimer of liability.

The city or any officer, employee or agent of the city shall not be liable for any damages resulting from any act or omission in any way connected with the removal of a vehicle or any encumbrance pursuant to this chapter.

(Code 1975, § 61-37; Ord. No. 2310, § 1, 3-21-94)

Sec. 70-117. - Violations and penalties.

1. Any person who is found in violation of this article shall be penalized pursuant to Section 1-8(a) of the Code and each day a violation continues shall be considered a separate and distinct offense.
2. If the owner or the agent of the owner or the occupant of any lot or parcel of land is in violation of [Section 70-106](https://library.municode.com/) herein, the city declares any such accumulation or any type of obstruction to constitute a nuisance and shall have the authority to remove any accumulation or deposit of snow, sleet or ice or any type of obstruction which has been allowed to accumulate or has been deposited in violation of the above referenced subsections and assess any and all costs of such removal against the owner or agent of such owner or the occupant of the lot or parcel of land from which the accumulation, deposit or any type of obstruction originated.
	1. Notice of such an assessment will be sent to the owner or the agent of such owner or the occupant of any property where the city has removed any accumulation, deposit, or obstruction as provided herein, by regular mail.
	2. Failure to pay in accordance with the notice requirements of subsection (b)(1) will cause the city to collect the assessment in the same manner as authorized in [Section 38-453](https://library.municode.com/) of the Code.
3. The provisions of this article are in addition to the Model Traffic Code as adopted in [Section 38-](https://library.municode.com/) [521](https://library.municode.com/).

(Code 1975, § 61-38; Ord. No. 2310, § 1, 3-21-94; Ord. No. 3022, § 2, 12-18-07)

**12/12/24 at 14:17:14.57 Page: 1**

# Fallbrook Villas Metropolitan District

**Aged Payables As of Dec 31, 2024**

Filter Criteria includes: 1) Includes Drop Shipments. Report order is by ID. Report is printed in Detail Format.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Vendor** | **Invoice/CM #** | **0 - 30** |  | **31 - 60** |  | **61 - 90** |  | **Over 90 days** |  | **Amount Due** |  |
| Advance HOA Managem | 2024-02 | 56.89 |  |  |  |  |  |  |  | 56.89 |  |
| **Advance HOA Manage** |  | **56.89** |  |  |  |  |  |  |  | **56.89** |  |
| City of Thornton | 19 | 41.21 |  |  |  |  |  |  |  | 41.21 |  |
| **City of Thornton** |  | **41.21** |  |  |  |  |  |  |  | **41.21** |  |
| Colorado Special Dist Pro | 2025 | 15,844.00 |  |  |  |  |  |  |  | 15,844.00 |  |
| **Colorado Special Dist P** |  | **15,844.00** |  |  |  |  |  |  |  | **15,844.00** |  |
| DP Media Network LLC | 403116 | 96.57 |  |  |  |  |  |  |  | 96.57 |  |
| **DP Media Network LLC** |  | **96.57** |  |  |  |  |  |  |  | **96.57** |  |
| Environmental Designs | CD50481918 | 1,269.82 |  |  |  |  |  |  |  | 1,269.82 |  |
|  | CD50480834 | 2,966.32 |  |  |  |  |  |  |  | 2,966.32 |  |
| **Environmental Designs** |  | **4,236.14** |  |  |  |  |  |  |  | **4,236.14** |  |
| Simonson & Associates, I | 23963 | 4,748.44 |  |  |  |  |  |  |  | 4,748.44 |  |
|  | 23964 | 1,704.00 |  |  |  |  |  |  |  | 1,704.00 |  |
| **Simonson & Associates** |  | **6,452.44** |  |  |  |  |  |  |  | **6,452.44** |  |
| Spencer Fane, LLP | 1347221 | 128.00 |  |  |  |  |  |  |  | 128.00 |  |
| **Spencer Fane, LLP** |  | **128.00** |  |  |  |  |  |  |  | **128.00** |  |
| Streamline | 81A53EF7-000 | 80.00 |  |  |  |  |  |  |  | 80.00 |  |
| **Streamline** |  | **80.00** |  |  |  |  |  |  |  | **80.00** |  |
| Xcel Energy | 10 | 42.52 |  |  |  |  |  |  |  | 42.52 |  |
|  | 1-10 | 18.78 |  |  |  |  |  |  |  | 18.78 |  |
| **Xcel Energy** |  | **61.30** |  |  |  |  |  |  |  | **61.30** |  |
|  |  | **26,996.55** |  |  |  |  |  |  |  | **26,996.55** |  |

November 20, 2024 Board of Directors

Fallbrook Villas Metropolitan District c/o Simonson & Associates, Inc.

P.O. Box 2830

Evergreen, CO 80437 Board of Directors:

We are pleased to confirm our understanding of the services we are to provide Fallbrook Villas Metropolitan District(District) for the year ended December 31, 2024.

**Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, each major fund and the disclosures, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2024. Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the District’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District’s RSI, if presented, in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The RSI, as listed in the table of contents of the basic financial statements, is required by generally accepted accounting principles in the United States of America (GAAP) and will be subjected to certain limited procedures but will not be audited, if presented.

We have also been engaged to report on supplementary information, if presented, other than RSI that accompanies the District’s financial statements. We will subject the supplementary information, as listed in the table of contents of the basic financial statements, to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor’s report on the financial statements.

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In connection with our audit of the basic financial statements, we will read the other information, if presented, as listed in the table of contents of the basic financial statements and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant those emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional

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disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise a substantial doubt about the government’s ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

**Audit Procedures—Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

* Management override of controls

**Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District’s compliance with the provisions of

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applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

**Other Services**

We will also prepare the financial statements of the District in conformity with accounting principles generally accepted in the United States based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them, if applicable.

**Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States with oversight of those charged with governance.

Management is responsible for making drafts of the financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government’s ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions and other matters; (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government

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involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

With regard to including the auditor’s report in an exempt offering document, you agree that the aforementioned auditor’s report, or reference to Schilling & Company, Inc., will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement.

With regard to an exempt offering document with which Schilling & Company, Inc. is not involved, you agree to clearly indicate in the exempt offering document that Schilling & Company, Inc. is not involved with the contents of such offering document.

You are responsible for the preparation of the supplementary information in conformity with GAAP, if presented. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

**Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, long-term obligations or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Schilling & Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulators and their designees. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schilling & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulators or its designee. The regulators or their designees may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Dawn Schilling is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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Our fee for these services will be $5,800, which includes the preparation of the basic financial statements and related footnote disclosures, unless matters arise as discussed below. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. These additional services and any calculations performed in connection with the District’s TABOR compliance may be billed at our standard hourly rate of $210.

Dropbox is used solely as a method of exchanging information and is not intended to store the District's information. At the end of the engagement, Schilling & Company, Inc. will provide the District with a copy (in an agreed-upon format) of deliverables and data related to the engagement from Dropbox. For multi-year engagements, this exchange will occur annually.

Upon completion of the engagement, data and other content will either be removed from Dropbox or become unavailable to Schilling & Company, Inc. within a reasonable time frame of

60 days. For multi-year engagements, completion of the engagement occurs when the deliverables are completed for that year.

**Reporting**

We will issue a written report upon completion of our audit of the District‘s financial statements which may also address other information in accordance with AU-C 720, *The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports*. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor’s report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express our opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Schilling & Company, Inc.

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RESPONSE:

This letter correctly sets forth the understanding Fallbrook Villas Metropolitan District. Board Member Signature:

Title:

Date:

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**THE FALLBROOK VILLAS METROPOLITAN DISTRICT MANAGEMENT& ACCOUNTING AGREEMENT**

This agreement is made this day of , 2024, by and between The Fallbrook Villas Metropolitan District (“DISTRICT”), and Simonson & Associates, Inc. (“Manager”).

WHEREAS, the DISTRICT is in need of management and accounting services; and

WHEREAS, Manager has substantial experience in provision of the management and accounting services required by DISTRICT;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Manager will provide the following basic management and accounting services on an hourly basis:
	1. Prepare monthly meeting notices and board meeting packets with agendas, minutes and other information pertinent for the meetings and attend Board meetings as needed.
	2. Administer DISTRICT’s insurance coverage, processing annual renewals and updating asset schedules as required.
	3. Maintain the DISTRICT’s records.
	4. Maintain all general accounting and bookkeeping records for the DISTRICT, prepare quarterly financial statements and monthly disbursements for board approval, and assist the auditor in preparation of the annual audit, providing audit records required. Coordinate billing and collection of dues, assessments and fines for the DISTRICT, if required, including printing and mailing billing statements and recording receipts.
	5. Make statutory filings, as necessary, with the various State, County and local governmental agencies.
	6. Provide a contact office with regular operational hours, together with necessary personnel for provision of services required.
	7. Prepare annual DISTRICT budget (including two drafts and a final) and monitor expenditures in accordance with budget.
	8. In connection with budget preparations, obtain proposals and/or bids as needed from vendors for snow removal, landscape maintenance, sprinkler maintenance,

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tree services, and present contracts for Board approval between October 15 of each year and January 31 of the following year.

* 1. Coordinate and monitor the maintenance of DISTRICT.

Manager will keep time records for the above services on a monthly basis and submit invoices to be paid by the DISTRICT within 30 days. The time records for the above services shall be summarized by the categories listed above and by the personnel providing the service using the published hourly rates of personnel at Simonson & Associates, Inc.

1. Manager will provide the following additional services on an hourly basis as may be required and which may vary from year to year:
	1. Coordinate and monitor construction of DISTRICT facilities including facility design, permitting requirements, publication of bids/final payments, project and contract administration and insurance requirements. Coordinate the provision of emergency maintenance of the DISTRICT’s facilities.
	2. Coordinate the bidding and contract negotiations required by the DISTRICT for acquiring any new service or change in existing service.
	3. Follow up on any delinquent customer accounts. Coordinate title company and owner requests for account transfers and update DISTRICT records with new owner information.
	4. Maintain the District’s website and coordinate with the District’s website vendor to ensure the District’s website meets current State and ADA requirements.
	5. Act as liaison with other governmental agencies, property owners and consultants on behalf of the DISTRICT and respond to inquiries including but not limited to, design review requests, covenant violations and Colorado Open Records requests.
	6. Prepare supplementary District budgets, if required, prepare special financial and investment analyses, as requested, attend extended or additional Board meetings.

Manager will keep time records for the above services on a monthly basis and submit invoices to be paid by the DISTRICT within 30 days. The time records for the above services shall be summarized by the categories listed above and by the personnel providing the service using the published hourly rates of personnel at Simonson & Associates, Inc.

1. Manager will also charge for reimbursable expenses such as copies, facsimiles, mileage, long distance telephone calls, postage, messenger services, recording fees and others. Office supplies for the DISTRICT such as stationery, file folders, check stock and other similar out-of-pocket expenses will be charged at cost plus a 10% markup. Such costs will be included in the DISTRICT’s monthly statement and shall be paid by the DISTRICT within 30 days.

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1. Manager’s certification with respect to undocumented residents: Manager agrees to comply at all times with the provisions of Colo. Rev. Stat. §§ 8-17.5-101 and 102. The Manager hereby certifies that as of the date hereof, it does not knowingly employ any undocumented residents, and that it has participated or attempted to participate in the “verify program” as defined in Colo. Rev. Stat. §8-17.5- 101(3.7) in order to verify that it does not employ any undocumented residents. Manager agrees that it will not knowingly employ or contract with an undocumented resident to perform work under this contract or enter into any subcontracts under this contract. Manager states that it (i will not use the “verify program” to undertake pre-employment screening of job applicants while this Management Contract is in effect, and (ii) will comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of any investigation by it. Failure of Manager to comply with any requirement of this provision shall constitute a breach of this contract and shall entitle the DISTRICT to terminate this contract pursuant to paragraph 5, below.
2. This contract shall be effective for calendar year 2025. The contract may be terminated by either party upon 120 days written notice to the other party. Upon termination, the Parties shall account to each other with respect to all matters outstanding as of the date of termination. All records pertaining to the District by or located with Manager, whether existing in hard copy, on computer hard drive or disc, or other information storage system, shall be deemed the exclusive property of the District. Upon termination of this Agreement for whatever reason, Manager shall turn over to the District all records and property (including, but not limited to, accounts, money, hard copy files, and electronic files) of the District then in its possession at no cost to the District. Also upon the effective date of termination of this Agreement by either Party, the District shall assume the obligations of any and all contracts, outstanding or unpaid bills, and/or any other liabilities properly attributable to the District.

# THE FALLBROOK VILLAS METROPOLITAN DISTRICT

By:

Attest:

# SIMONSON & ASSOCIATES, INC.

Attest:

By: Judith C. Simonson, President

Nicole L. Simonson, Secretary

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